

Sec. 12. Section 726.6, Code 2001, is amended by adding the following new subsection:

NEW SUBSECTION. 1A. A parent or person authorized by the parent who has, in accordance with section 232B.2, voluntarily released custody of a newborn infant shall not be prosecuted for a violation of subsection 1, paragraph "f", relating to abandonment.

Sec. 13. **EFFECTIVE DATE.** This Act, being deemed of immediate importance, takes effect upon enactment.

Approved April 24, 2001

CHAPTER 68

IOWA PUBLIC EMPLOYEES' RETIREMENT SYSTEM — ADMINISTRATION AND INVESTMENTS

S.F. 497

AN ACT relating to the governance of the Iowa public employees' retirement system and providing an effective date.

Be It Enacted by the General Assembly of the State of Iowa:

Section 1. Section 12.8, unnumbered paragraph 3, Code 2001, is amended to read as follows:

The treasurer of state, with the approval of the investment board of the Iowa public employees' retirement system, may conduct a program of lending securities in the Iowa public employees' retirement system portfolio. When securities are loaned as provided by this paragraph, the treasurer shall act in the manner provided for investment of moneys in the Iowa public employees' retirement fund under section ~~97B.7~~ 97B.7A. The treasurer of state shall report at least annually to the investment board of the Iowa public employees' retirement system on the program and shall provide additional information on the program upon the request of the investment board or the employees of the Iowa public employees' retirement system division of the department of personnel.

Sec. 2. Section 12B.10, subsection 4, paragraph f, Code 2001, is amended to read as follows:

f. Investments authorized for the Iowa public employees' retirement system in section ~~97B.7, subsection 2, paragraph "b"~~ 97B.7A, except that investment in common stocks is not permitted.

Sec. 3. Section 12C.5, Code 2001, is amended to read as follows:

12C.5 REFUSAL OF DEPOSITS — PROCEDURE.

If the approved depositories will not accept the deposits under the conditions prescribed or authorized in this chapter, the funds may be deposited, on the same or better terms as were offered to the depositories, in one or more approved depositories conveniently located within the state.

The treasurer of state may invest in any of the investments authorized for the Iowa public employees' retirement system in section ~~97B.7, subsection 2, paragraph "b"~~ 97B.7A except that investment in common stocks shall not be permitted.

Sec. 4. Section 12C.10, Code 2001, is amended to read as follows:

12C.10 INVESTMENT OF FUNDS CREATED BY ELECTION.

The governing council or board, who by law have control of any fund created by direct vote of the people, may invest any portion of the fund not currently needed, in investments authorized in section 12B.10. The treasurer of state may invest in any of the investments authorized for the Iowa public employees' retirement system in section ~~97B.7, subsection 2, paragraph "b"~~ 97B.7A except that investment in common stocks shall not be permitted. Interest or earnings on such funds shall be credited as provided in section 12C.7, subsection 2.

Sec. 5. Section 19A.1, subsection 3, paragraph b, Code 2001, is amended to read as follows:

b. The investment board of the Iowa public employees' retirement system created by section ~~97B.8~~ 97B.8A.

Sec. 6. Section 97A.7, subsection 2, Code 2001, is amended to read as follows:

2. The several funds created by this chapter may be invested in any investments authorized for the Iowa public employees' retirement system in section ~~97B.7, subsection 2, paragraph "b"~~ 97B.7A.

Sec. 7. Section 97B.1, Code 2001, is amended to read as follows:

97B.1 SYSTEM CREATED — ORGANIZATIONAL DEFINITIONS.

1. The "Iowa Public Employees' Retirement System" is created. The Iowa public employees' retirement system is division, a separate and distinct division within the department of personnel, shall administer the system.

2. As used in this chapter unless the context requires otherwise:

a. "Board" means the investment board created by section ~~97B.8~~ 97B.8A.

~~b.~~ "Chief executive officer" means the chief executive officer of the Iowa public employees' retirement system division, notwithstanding section 7E.2, subsection 3, paragraph "c", subparagraph (1).

~~c.~~ "Committee" means the benefits advisory committee created by section 97B.8B.

~~b. d.~~ "Department Division" means the ~~department of personnel~~ Iowa public employees' retirement system division.

~~e.~~ "Director" means the director of the department of personnel.

~~d. e.~~ "System" means the Iowa public employees' retirement system.

Sec. 8. NEW SECTION. 97B.3A CHIEF EXECUTIVE OFFICER — APPOINTMENT AND QUALIFICATIONS.

1. The administrator of the division is the chief executive officer. The chief executive officer shall be appointed by the governor subject to confirmation by the senate. A vacancy shall be filled for the unexpired portion of the term in the same manner as a full-term appointment is made. The governor may remove the chief executive officer for malfeasance in office, or for any cause that renders the chief executive officer ineligible, incapable, or unfit to discharge the duties of the office.

2. The qualifications for appointment as the chief executive officer shall include management-level pension fund administration experience. The qualifications for appointment as the chief executive officer shall also include a demonstrated knowledge of all aspects of pension fund administration, including financial management, investment asset management, benefit design and delivery, legal administration, and operations administration. The chief executive officer shall not be selected on the basis of political affiliation, and while employed as the chief executive officer, shall not be a member of a political committee, participate in a political campaign, or be a candidate for a partisan elective office, and shall not contribute to a political campaign fund, except that the chief executive officer may designate on the checkoff portion of the state or federal income tax return, or both, a party or parties to which a contribution is made pursuant to the checkoff. The chief executive officer shall not hold any other office under the laws of the United States or of this or any state and shall devote full time to the duties of office.

Sec. 9. Section 97B.4, Code 2001, is amended by striking the section and inserting in lieu thereof the following:

97B.4 ADMINISTRATION OF SYSTEM — POWERS AND DUTIES OF DIVISION — IMMUNITY.

1. **CHIEF EXECUTIVE OFFICER.** The division, through the chief executive officer, shall administer this chapter. The chief executive officer shall also be the division's statutory designee with respect to the rulemaking power.

2. **GENERAL AUTHORITY.**

a. The division may adopt, amend, waive, or rescind rules, employ persons, execute contracts with outside parties, make expenditures, require reports, make investigations, and take other action it deems necessary for the administration of the system in conformity with the requirements of this chapter, the applicable provisions of the Internal Revenue Code, and all other applicable federal and state laws. The rules shall be effective upon compliance with chapter 17A.

b. The division may delegate to any person such authority as it deems reasonable and proper for the effective administration of this chapter, and may bond any person handling moneys or signing checks under this chapter.

c. In administering this chapter, the division shall enter into a biennial agreement with the department of personnel concerning the sharing of resources between the division and department which are of benefit to each and which are consistent with the mission of the division and the department. The budget program for the division shall be established by the chief executive officer in consultation with the board and other staff of the division and shall be compiled by the department of personnel in collaboration with the division and submitted on behalf of the division by the department pursuant to section 8.23.

3. **PERSONNEL.**

a. **CHIEF INVESTMENT OFFICER.** The chief executive officer, following consultation with the board, shall employ a chief investment officer who shall be appointed pursuant to chapter 19A and shall be responsible for administering the investment program for the retirement fund pursuant to the investment policies of the board.

b. **CHIEF BENEFITS OFFICER.** The chief executive officer, following consultation with the benefits advisory committee, shall employ a chief benefits officer who shall be appointed pursuant to chapter 19A and shall be responsible for administering the benefits and other services provided under the system.

c. **ACTUARY.** The division shall employ an actuary who shall be selected by the board and shall serve at the pleasure of the board. The actuary shall be the technical advisor for the system on matters regarding the operation of the retirement fund.

d. **DIVISION EMPLOYEES.** Subject to other provisions of this chapter, the division may employ all other personnel as necessary for the administration of the system. The maximum number of full-time equivalent employees specified by the general assembly for the division for administration of the system for a fiscal year shall not be reduced by any authority other than the general assembly. The personnel of the division shall be appointed pursuant to chapter 19A. The division shall not appoint or employ a person who is an officer or committee member of a political party organization or who holds or is a candidate for a partisan elective public office.

e. **LEGAL ADVISORS.** The division may employ attorneys and contract with attorneys and legal firms for the provision of legal counsel and advice in the administration of this chapter and chapter 97C.

f. **OUTSIDE ADVISORS.** The division may execute contracts with persons outside state government, including investment advisors, consultants, and managers, in the administration of this chapter. However, a contract with an investment manager or investment consultant shall not be executed by the division pursuant to this paragraph without the prior approval by the board of the hiring of the investment manager or investment consultant.

4. **REPORTS.**

a. **ANNUAL REPORT TO GOVERNOR.** Not later than the fifteenth day of December of

each year, the division shall submit to the governor a report covering the administration and operation of this chapter during the preceding fiscal year and shall make recommendations for amendments to this chapter. The report shall include a balance sheet of the moneys in the retirement fund. The report shall also include information concerning the investment management expenses for the retirement fund for each fiscal year expressed as a percent of the market value of the retirement fund investment assets, including the information described in section 97B.7, subsection 3, paragraph "d". The information provided under this paragraph shall also include information on the investment policies and investment performance of the retirement fund. In providing this information, to the extent possible, the division shall include the total investment return for the entire fund, for portions of the fund managed by investment managers, and for internally managed portions of the fund, and the cost of managing the fund per thousand dollars of assets. The performance shall be based upon market value, and shall be contrasted with relevant market indices and with performances of pension funds of similar asset size.

b. **ANNUAL STATEMENT TO MEMBERS.** The division shall prepare and distribute to the members, at the expense of the retirement fund, an annual statement of the member's account and, in such a manner as the division deems appropriate, other information concerning the system.

c. **ACTUARIAL INVESTIGATION.** During calendar year 2002, and every four years thereafter, the division shall cause an actuarial investigation to be made of all experience under the retirement system. Pursuant to such an investigation, the division shall, from time to time, determine upon an actuarial basis the condition of the system and shall report to the general assembly its findings and recommendations.

d. **ANNUAL VALUATION OF ASSETS.** The division shall cause an annual actuarial valuation to be made of the assets and liabilities of the system and shall prepare an annual statement of the amounts to be contributed under this chapter, and shall publish annually such valuation of the assets and liabilities and the statement of receipts and disbursements of the system. Based upon the actuarial methods and assumptions adopted by the board for the annual valuation, the division shall certify to the governor the contribution rates determined thereby as the rates necessary and sufficient for members and employers to fully fund the benefits and retirement allowances being credited.

5. **INVESTMENTS.** The division, through the chief investment officer, shall invest, in accordance with the investment policy and goal statement established by the board, the portion of the retirement fund which, in the judgment of the division, is not needed for current payment of benefits under this chapter subject to the requirements of section 97B.7A.

6. **OLD RECORDS.** The division may destroy or dispose of such original reports or records as have been properly recorded or summarized in the permanent records of the division and are deemed by the chief executive officer to be no longer necessary to the proper administration of this chapter. The destruction or disposition shall be made only by order of the chief executive officer. Records of deceased members of the system may be destroyed ten years after the later of the final payment made to a third party on behalf of the member or the death of the member. Any moneys received from the disposition of these records shall be deposited to the credit of the retirement fund subject to rules adopted by the division.

7. **IMMUNITY.** The division, employees of the division, the board, the members of the board, and the treasurer of state are not personally liable for actions or omissions under this chapter that do not involve malicious or wanton misconduct even if those actions or omissions violate the standards established in section 97B.7A.

Sec. 10. Section 97B.7, Code 2001, is amended by striking the section and inserting in lieu thereof the following:

97B.7 FUND CREATED — EXCLUSIVE BENEFIT — STANDING APPROPRIATIONS.

1. There is hereby created as a special fund, separate and apart from all other public moneys or funds of this state, the "Iowa Public Employees' Retirement Fund", hereafter called the "retirement fund". The retirement fund shall consist of all moneys collected under

this chapter, together with all interest, dividends, and rents thereon, and shall also include all securities or investment income and other assets acquired by and through the use of the moneys belonging to the retirement fund and any other moneys that have been paid into the retirement fund.

2. The treasurer of the state of Iowa is hereby made the custodian of the retirement fund and shall hold and disburse the retirement fund in accordance with the requirements of this chapter. As custodian, the treasurer shall be authorized to disburse moneys in the retirement fund upon warrants drawn by the director of revenue and finance pursuant to the order of the division. The treasurer shall not select any bank or other third party for the purposes of investment asset safekeeping, other custody, or settlement services without prior consultation with the board.

3. All moneys which are paid or deposited into the fund are appropriated and made available to the division to be used for the exclusive benefit of the members and their beneficiaries or contingent annuitants as provided in this chapter:

- a. To be used by the division for the payment of claims for benefits under this chapter.
- b. To be used by the division to pay refunds provided for in this chapter.
- c. To be used for the costs of administering the system, including up to \$50,000 per fiscal year for actual and necessary expenses of the benefits advisory committee. If as a result of action under section 8.31, the governor has reduced the moneys appropriated from the retirement fund to the division for salaries, support, maintenance, and other operational purposes to pay the costs of the system for a fiscal year, it is the intent of the general assembly that the amount by which the appropriation has been reduced should be transferred from the retirement fund to the division for salaries, support, maintenance, and other operational purposes to pay the costs of the system for that fiscal year.
- d. To be used to pay for investment management expenses incurred in the management of the retirement fund. Expenses incurred pursuant to this paragraph shall be charged to the investment income of the retirement fund. However, the amount appropriated for a fiscal year under this paragraph shall not exceed four-tenths of one percent of the market value of the retirement fund.

Sec. 11. NEW SECTION. 97B.7A INVESTMENT AND MANAGEMENT OF RETIREMENT FUND — STANDARDS — IMMUNITY.

1. INVESTMENT AND INVESTMENT POLICY STANDARDS. In establishing the investment policy of the retirement fund and providing for the investment of the retirement fund, the division and board shall do the following:

- a. Exercise the judgment and care, under the circumstances then prevailing, which persons of prudence, discretion, and intelligence exercise in the management of their own affairs, not for the purpose of speculation, but with regard to the permanent disposition of the funds, considering the probable income, as well as the probable safety, of their capital.
- b. Give appropriate consideration to those facts and circumstances that the division and board know or should know are relevant to the particular investment or investment policy involved, including the role the investment plays in the total value of the retirement fund.
- c. For the purposes of this subsection, appropriate consideration includes, but is not limited to, a determination that the particular investment or investment policy is reasonably designed to further the purposes of the system, taking into consideration the risk of loss and the opportunity for gain or income associated with the investment or investment policy and consideration of the following factors as they relate to the retirement fund:
 - (1) The composition of the retirement fund with regard to diversification.
 - (2) The liquidity and current return of the investments in the retirement fund relative to the anticipated cash flow requirements of the system.
 - (3) The projected return of the investments relative to the funding objectives of the retirement system.

2. INVESTMENT ACQUISITIONS. Within the limitations of the investment standards

prescribed in this section, the system may acquire and retain every kind of property and every kind of investment which persons of prudence, discretion, and intelligence acquire or retain for their own account. Consistent with this section, investments shall be made in a manner that will enhance the economy of this state, and in particular, will result in increased employment of the residents of this state. Investments of moneys in the retirement fund are not subject to sections 73.15 through 73.21.

3. **LIABILITY — REIMBURSEMENT.** Except as provided in section 97B.4, subsection 7, if there is loss to the retirement fund, the treasurer of state, the division, the employees of the division, the members of the board severally, and the board are not personally liable, and the loss shall be charged against the retirement fund. There is appropriated from the retirement fund, the amount required to cover a loss.

4. **INVESTMENT PROCEDURES.** In managing the investment of the retirement fund, the division, in accordance with the investment policy established by the board, is authorized to do the following:

a. To sell any securities or other property in the retirement fund and reinvest the proceeds when such action may be deemed advisable by the division for the protection of the retirement fund or the preservation of the value of the investment. Such sale of securities or other property of the retirement fund and reinvestment shall only be made in accordance with policies of the board in the manner and to the extent provided in this chapter.

b. To subscribe for the purchase of securities for future delivery in anticipation of future income. The securities shall be paid for by anticipated income or from funds from the sale of securities or other property held by the retirement fund.

c. To pay for securities directed to be purchased upon the receipt of the purchasing bank's paid statement or paid confirmation of purchase.

5. **TRAVEL.** In the administration of the investment of moneys in the retirement fund, employees of the division and members of the board may travel outside the state for the purpose of meeting with investment firms and consultants and attending conferences and meetings to fulfill their fiduciary responsibilities. This travel is not subject to section 421.38, subsection 2.

Sec. 12. **NEW SECTION.** 97B.8A **INVESTMENT BOARD.**

1. **BOARD ESTABLISHED.** A board is established to be known as the "Investment Board of the Iowa Public Employees' Retirement System", referred to in this chapter as the "board". The duties of the board are to establish policy, and review its implementation, in matters relating to the investment of the retirement fund. The board shall be the trustee of the retirement fund.

2. **INVESTMENT REVIEW.** a. At least annually the board shall review the investment policies and procedures used by the board and division, and shall hold a public meeting on the investment policies and investment performance of the retirement fund. Following its review and the public meeting, the board shall, pursuant to the requirements of section 97B.7A, and in consultation with the chief investment officer and other relevant personnel of the division, establish an investment policy and goal statement that shall direct the investment activities concerning the retirement fund.

b. The board shall review and approve, prior to the execution of a contract with the division, the hiring of each investment manager and investment consultant outside of state government.

c. The board shall be involved in the performance evaluation of the chief investment officer.

3. **ACTUARIAL RESPONSIBILITIES.**

a. The board shall select the actuary to be employed by the system as provided in section 97B.4.

b. The board shall, in consultation with the chief executive officer, the actuary, and other relevant personnel of the division, adopt from time to time mortality tables and all other necessary factors for use in actuarial calculations required in connection with the system.

The board shall also adopt the actuarial methods and assumptions to be used by the actuary for the annual valuation of assets as required by section 97B.4.

4. MEMBERSHIP.

a. The board shall consist of eleven members, including seven voting members and four nonvoting members. The voting members shall be as follows:

(1) Three public members, appointed by the governor, who are not members of the system and who each have substantial institutional investment experience or substantial institutional financial experience.

(2) Three members, appointed by the governor, who are members of the system. Prior to the appointment by the governor of a member of the board under this subparagraph, the benefits advisory committee shall submit a slate of at least two nominees per position to the governor for the governor's consideration. The governor is not required to appoint a member from the slate submitted. Of the three members appointed, one shall be an active member who is an employee of a school district, area education agency, or merged area; one shall be an active member who is not an employee of a school district, area education agency, or merged area; and one shall be a retired member of the system.

(3) The treasurer of state.

The nonvoting members of the board shall be two state representatives, one appointed by the speaker of the house of representatives and one by the minority leader of the house, and two state senators, one appointed by the majority leader of the senate and one by the minority leader of the senate.

b. Four voting members of the board shall constitute a quorum.

c. The three members who have substantial institutional investment experience or substantial institutional financial experience, and the member who is a retired member of the system, shall be paid their actual expenses incurred in the performance of their duties and shall receive a per diem as specified in section 7E.6 for each day of service not exceeding forty days per year. Legislative members shall be paid the per diem and expenses specified in section 2.10, for each day of service. The per diem and expenses of the legislative members shall be paid from funds appropriated under section 2.12. The members who are active members of the system and the treasurer of state shall be paid their actual expenses incurred in the performance of their duties as members of the board and the performance of their duties as members of the board shall not affect their salaries, vacations, or leaves of absence for sickness or injury.

d. The appointive terms of the members appointed by the governor are for a period of six years beginning and ending as provided in section 69.19. If there is a vacancy in the membership of the board for one of the members appointed by the governor, the governor has the power of appointment. Gubernatorial appointees to this board are subject to confirmation by the senate.

5. CLOSED SESSIONS. In addition to the reasons provided in section 21.5, subsection 1, the board may hold a closed session pursuant to the requirements of section 21.5 of that portion of a board meeting in which financial or commercial information is provided to or discussed by the board if the board determines that disclosure of such information could result in a loss to the system or to the provider of the information.

Sec. 13. NEW SECTION. 97B.8B BENEFITS ADVISORY COMMITTEE.

1. COMMITTEE ESTABLISHED. A benefits advisory committee shall be established whose duty is to consider and make recommendations to the division and the general assembly concerning the provision of benefits and services to members of the system.

2. MEMBERSHIP. The benefits advisory committee shall be comprised of representatives of constituent groups concerned with the system, and shall include representatives of employers, active members, and retired members. In addition, the director of the department of personnel and a member of the public selected by the voting members of the committee shall serve as members of the committee. The division shall adopt rules under chapter 17A

to provide for the selection of members to the committee and the election of the voting members of the committee.

3. VOTING MEMBERS. Of the members who comprise the committee, nine members shall be voting members. Except as otherwise provided by this subsection, the voting members shall be elected by the members of the committee from the membership of the committee. Of the nine voting members of the committee, four shall represent covered employers, and four shall represent the members of the system. Of the four voting members representing employers, one shall be the director of the department of personnel, one shall be a member of a constituent group that represents cities, one shall be a member of a constituent group that represents counties, and one shall be a member of a constituent group that represents local school districts. Of the four voting members who represent members of the system, one shall be a member of a constituent group that represents teachers. The ninth voting member of the committee shall be a citizen who is not a member of the system and who is elected by the other voting members of the committee.

4. DUTIES.

a. At least every two years, the benefits advisory committee shall review the benefits and services provided to members under this chapter, and the voting members of the committee shall make recommendations to the division and the general assembly concerning the services provided to members and the benefits, benefits policy, and benefit goals, provided under this chapter.

b. The benefits advisory committee shall be involved in the performance evaluation of the chief benefits officer.

c. Upon the expiration of the term of office of or a vacancy concerning one of the three members of the investment board described in section 97B.8A, subsection 4, paragraph "a", subparagraph (2), the voting members of the committee shall submit to the governor the names of at least two nominees who meet the requirements specified in that subparagraph. The governor may appoint the member from the list submitted by the committee.

5. TERMS OF VOTING MEMBERS. Except for the director of the department of personnel and as otherwise provided in the rules for the initial selection of voting members of the committee, each member selected to be a voting member shall serve as a voting member for three years. Terms for voting members begin on May 1 in the year of selection and expire on April 30 in the year of expiration. Vacancies shall be filled in the same manner as the original selections. A vacancy shall be filled for the unexpired term.

6. EXPENSES. The members who are not active members of the system shall be paid their actual expenses incurred in the performance of their duties and shall receive a per diem as specified in section 7E.6 for each day of service not exceeding forty days per year. The members who are active members of the system and the director of the department of personnel shall be paid their actual expenses incurred in the performance of their duties as members of the committee and the performance of their duties as members of the committee shall not affect their salaries, vacations, or leaves of absence for sickness or injury. However, the benefits advisory committee shall not incur any additional expenses in fulfilling its duties as provided by this section without the express written authority of the chief executive officer.

Sec. 14. Section 97B.20A, Code 2001, is amended to read as follows:

97B.20A APPEAL PROCEDURE.

Members and third-party payees may appeal any decision made by the ~~department~~ division that affects their rights under this chapter. The appeal shall be filed with the ~~department~~ division within thirty days after the notification of the decision was mailed to the party's last known mailing address, or the decision of the ~~department~~ division is final. If the party appeals the decision of the ~~department~~ division, the ~~department~~ division shall conduct an internal review of the decision and the chief ~~benefits~~ executive officer shall notify the individual who has filed the appeal in writing of the ~~department's~~ division's decision. The

individual who has filed the appeal may file an appeal of the ~~department's~~ division's final decision with the ~~department~~ division under chapter 17A by notifying the ~~department~~ division of the appeal in writing within thirty days after the notification of its final decision was mailed to the party's last known mailing address. Once notified, the ~~department~~ division shall forward the appeal to the department of inspections and appeals.

Sec. 15. Section 97B.25, Code 2001, is amended to read as follows:
97B.25 APPLICATIONS FOR BENEFITS.

A representative designated by the chief ~~benefits~~ executive officer and referred to in this chapter as a retirement benefits officer shall promptly examine applications for retirement benefits and on the basis of facts found shall determine whether or not the claim is valid. If the claim is valid, the retirement benefits officer shall send a notification to the member stating the option the member has selected pursuant to section 97B.51, the month with respect to which benefits shall commence, and the monthly benefit amount payable. If the claim is invalid, the retirement benefits officer shall promptly notify the applicant and any other interested party of the decision and the reasons. A retirement application shall not be amended or revoked by the member once the first retirement allowance is paid. A member's death during the first month of entitlement shall not invalidate an approved application.

Sec. 16. Section 257B.20, subsection 4, Code 2001, is amended to read as follows:

4. In any investments authorized for the Iowa public employees' retirement system in section ~~97B.7, subsection 2, paragraph "b"~~ 97B.7A, except that investment in common stocks shall not be permitted.

Sec. 17. Section 411.7, subsection 2, Code 2001, is amended to read as follows:

2. The secretary of the board of trustees shall invest, in accordance with the investment policy established by the board of trustees, the portion of the fund established in section 411.8 which in the judgment of the board is not needed for current payment of benefits under this chapter in investments authorized in section ~~97B.7, subsection 2, paragraph "b"~~ 97B.7A, for moneys in the Iowa public employees' retirement fund.

Sec. 18. Section 602.9111, subsection 1, Code 2001, is amended to read as follows:

1. So much of the judicial retirement fund as may not be necessary to be kept on hand for the making of disbursements under this article shall be invested by the treasurer of state in any investments authorized for the Iowa public employees' retirement system in section ~~97B.7, subsection 2, paragraph "b"~~ 97B.7A, and the earnings therefrom shall be credited to the fund. The treasurer of state may execute contracts and agreements with investment advisors, consultants, and investment management and benefit consultant firms in the administration of the judicial retirement fund.

Sec. 19. INVESTMENT BOARD TRANSITION.

1. Notwithstanding provisions of section 97B.8A, as enacted in this Act, to the contrary, the new investment board of the Iowa public employees' retirement system shall, on July 1, 2002, consist of the following members, who shall serve the following terms:

a. The members of the investment board established under section 97B.8, Code 2001, who are an active member who is an employee of a school district, area education agency, or merged area; an active member who is not an employee of a school district, area education agency, or merged area; and a retired member, shall cease membership on the investment board and commence membership on the new investment board established under section 97B.8A on July 1, 2002. The terms of these members on the investment board established under section 97B.8A shall expire on the same date as their terms would have expired on the investment board in accordance with section 97B.8, Code 2001.

b. The members of the investment board established under section 97B.8, Code 2001, who are an executive of a domestic life insurance company, an executive of a state or national bank, and an executive of an industrial corporation located within the state of Iowa, shall

cease membership on the investment board and commence membership on the new investment board established under section 97B.8A on July 1, 2002. The terms of these members on the new investment board established under section 97B.8A shall expire on the same date as their terms would have expired on the investment board in accordance with section 97B.8, Code 2001. Upon expiration of each of these member's term of office, the governor shall appoint a member to the board consistent with the requirements of section 97B.8A, subsection 4, paragraph "a", subparagraph (1).

c. The members of the investment board established under section 97B.8, Code 2001, who are legislative members shall cease membership on the investment board and commence membership on the new investment board established under section 97B.8A on July 1, 2002. Two additional legislative members shall be appointed and commence membership on the new investment board on July 1, 2002, as provided in section 97B.8A as enacted in this Act. The terms of these members shall expire at the pleasure of the appointing authorities as provided in section 97B.8A, as enacted in this Act.

d. The director of the department of personnel shall cease membership on the investment board established under section 97B.8, Code 2001, on July 1, 2002. The treasurer of state shall commence membership on the new investment board established under section 97B.8A, and shall serve on the board as provided in section 97B.8A, as enacted in this Act.

2. Initial appointments by the governor under this section are subject to confirmation by the senate. If a vacancy occurs as to a member of the investment board established under section 97B.8A who is appointed by the governor prior to the expiration of a term as provided in this section, the governor shall appoint a member to serve the remainder of the term so that the membership requirements of section 97B.8A, as enacted in this Act, are fulfilled, and the appointment shall be subject to confirmation by the senate. Upon the expiration of a term established in this section, a member shall be appointed in the manner and for a term of service as specified in section 97B.8A, as enacted in this Act. Except as otherwise provided in this section, the investment board established under this section shall be subject to the requirements of section 97B.8A, as enacted in this Act.

Sec. 20. BENEFITS ADVISORY COMMITTEE TRANSITION.

1. Effective July 1, 2001, and notwithstanding provisions of section 97B.8B, as enacted in this Act, to the contrary, a transition benefits advisory committee shall be created and shall consist of the following voting members:

- a. A member representing the Iowa state education association.
- b. A member representing the Iowa association of community college trustees.
- c. A member representing the school administrators of Iowa.
- d. A member representing the Iowa association of school boards.
- e. A member representing the retired school personnel association.
- f. A member representing the state police officers council.
- g. The director of the department of personnel.
- h. A member representing the IPERS' improvement association.
- i. A member representing the American federation of state, county, and municipal employees.
- j. A member representing the Iowa state sheriffs' and deputies' association.
- k. A member representing the Iowa state association of counties.
- l. A member representing the Iowa league of cities.
- m. A member representing the Iowa association of chiefs of police and peace officers.
- n. A member of the public with substantial pension benefits experience as selected by the chief benefits officer of the Iowa public employees' retirement system.
- o. A member representing the department of management.

2. By July 1, 2002, the transition benefits advisory committee shall issue a report to the Iowa public employees' retirement system division concerning the rules to be adopted by the division governing the benefits advisory committee as provided in section 97B.8B, as enacted in this Act. The rules should include provisions governing the selection of members of

the committee, the selection of voting members of the committee, and any other provisions deemed necessary for establishing the benefits advisory committee consistent with the requirements of section 97B.8B.

3. The transition benefits advisory committee shall be dissolved by July 31, 2002.

Sec. 21. AMENDMENTS CHANGING TERMINOLOGY — DIRECTIVES TO CODE EDITOR. Except as otherwise provided in this Act, the Iowa Code editor is directed to strike the words “department”, “department of personnel”, and “department’s” and insert the words “division” and “division’s” wherever the word “department”, “department of personnel”, or “department’s” appears in chapter 97B of the Iowa Code and the reference to “department”, “department of personnel”, or “department’s” means the department of personnel unless a contrary intent is clearly evident.

Sec. 22. ADMINISTRATIVE RULES. To the extent not inconsistent with this Act, the administrative rules promulgated and adopted by the department of personnel concerning the Iowa public employees’ retirement system prior to July 1, 2002, shall be the rules of the Iowa public employees’ retirement system division and shall remain in effect on and after July 1, 2002, subject to the authority of the division to modify or change the rules pursuant to Iowa Code chapter 17A.

Sec. 23. Sections 97B.5, 97B.6, 97B.8, 97B.57, 97B.59, 97B.60, 97B.61, Code 2001, are repealed.

Sec. 24. EFFECTIVE DATE. This Act takes effect July 1, 2002. However, section 20 of this Act, establishing a benefits advisory committee transition, takes effect July 1, 2001.

Approved April 24, 2001

CHAPTER 69

INSURANCE REGULATION

S.F. 500

AN ACT relating to insurance, by addressing the operation and regulation of insurance companies, mutual insurance associations, the Iowa insurance guaranty association, and other insurance or risk-assuming entities, including the rights and duties of such entities and the powers and authority of the insurance commissioner; by establishing jurisdiction and venue requirements for actions against the Iowa insurance guaranty association; and providing penalties, repeals, and effective dates.

Be It Enacted by the General Assembly of the State of Iowa:

Section 1. Section 87.11, unnumbered paragraph 1, Code 2001, is amended to read as follows:

When an employer coming under this chapter furnishes satisfactory proofs to the insurance commissioner of such employer’s solvency and financial ability to pay the compensation and benefits as by law provided and to make such payments to the parties when entitled thereto, or when such employer deposits with the insurance commissioner security satisfactory to the insurance commissioner and the workers’ compensation commissioner as guaranty for the payment of such compensation, such employer shall be relieved of the provisions of this chapter requiring insurance; but such employer shall, from time to time, fur-